



PROMOTING INDUSTRIAL ZONES AND INVESTMENT MOBILIZATION
USAID WB/G SO1: EXPANDING ECONOMIC OPPORTUNITIES
CONTRACT No. 294-C-00-00-00071-00

<p>YEAR 3 PROJECT WORKPLAN</p>

SUBMITTED

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TO THE

USAID MISSION TO THE WEST BANK AND GAZA
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BY

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Introduction

This workplan for the period September 28, 2002 to September 27, 2003 is submitted pursuant to section IV.B. of the PRIZIM contract.

The PRIZIM project has completed its second project year on September 27, 2001. This Annual Workplan sets out the TSG team's proposed activities during the third project year, in light of both the project's accomplishments and challenges encountered to date.

After a relatively low initial level of activity during the first project year (due to the outbreak of the Al Aqsa intifada), PRIZIM project activities were ramped up substantially during the second project year. The addition of several work tasks (including several detailed engineering design activities) led to an accelerated deployment of PRIZIM resources. As a result, only about 22 percent of the base period contract budget remains available for year 3 PRIZIM activities.

Of the roughly \$2.3 million in base period funds available in year 3, an estimated \$1.7 million will be required for long-term expatriate and Palestinian advisors, support staff, and office costs in Ramallah and Gaza. About \$600,000 is thus available for technical STTA activities, subcontracts, and procurement in year 3. At this level of activity, PRIZIM will run out of currently obligated funding in March 2003, half-way through the third project year.

The activities included in this workplan are thus focused on timely interventions that will achieve specific project goals within the project's budget constraints. Reduced levels of project activities will result in decreased assistance being provided to our Palestinian partners.

This workplan is organized by major technical components or CLINS. Each technical component is discussed in terms of accomplishments and current activities, special challenges faced, and proposed year 3 activities. Based on discussions with USAID, this workplan is based on the following assumptions:

- The project's option period will be exercised at the end of year 3, so that demobilization expenses will not be incurred in the base period budget.
- The current level of violence in the West Bank and Gaza, characterized as an ongoing low-intensity conflict, is likely to persist through the third project year.
- USAID will approve the pending contract modification request, which re-aligns the original contract statement of work and performance benchmarks with the prevailing political and security environment.
- USAID will not support any infrastructure development work under PRIZIM in year 3.
- The PRIZIM team will receive the country clearances required to carry out the work plan.

The remainder of this document discusses the programming of PRIZIM resources over the third year of the contract in each technical area and the benchmarks and milestones to be achieved during that period.

CLIN 0001: Generic Institutional Support to PIEFZA

Activities to Date

Will & Milton

Staffing

During the second project year, CLIN 0001 will be implemented through specialized expatriate and Palestinian STTA. These activities will also be supported as needed by long-term expatriate advisor Milton Nunez, who is budgeted separately under CLIN 0002.

Challenges

PRIZIM activities with PIEFZA were reduced during the second project year as USAID sought to disengage from direct support to PA institutions. Consequently, ongoing activities were closed out as of September 2002. Now that USAID has decided to re-engage the PA as part of its support to the PA reform process, PRIZIM will re-engage PIEFZA through targeted technical assistance in key operational areas.

Work Tasks

1.1 Procurement

No new procurement is programmed in the third year.

1.2 IT/MIS Implementation

PRIZIM has already completed the first phase of MIS installation and related training at PIEFZA. During the second year a second MIS roll-out phase will be completed, primarily through the use of a Palestinian IT firm. The second phase will expand the MIS's functionality and add new procedural modules. The cost of this activity is estimated at \$50,000. Technical oversight will be provided by the project's LTTA team.

1.3 Training and Capacity Building

Training activities will be re-activated in three key areas, financial management, infrastructure management, and human resources development. Training will be closely coordinated with reform activities taking place in the newly merged Ministry of Economy, Industry and Trade. Training activities will be focused on immediate needs, with one person-month of expatriate STTA and one month of Palestinian STTA devoted to each area for the entire third year.

English language proficiency upgrading will continue throughout the third project year with training provided by AMIDEAST in Ramallah and Heart to Heart in Gaza. The goal is to bring all PIEFZA personnel's language abilities up to advanced conversational levels. The cost of this activity is estimated at \$15,000.

1.4 ISO Certification

Based on the new MIS and strengthened capacity in the areas of financial, infrastructure, and HRD management, PRIZIM will assist PIEFZA to document its quality assurance procedures in an ISO-conformant manner and obtain ISO certification. It is anticipated that this process will be assisted through a subcontract with U.S.-based Clydesdale International. The cost of this activity is estimated at \$40,000.

1.5 Industrial Linkages Program

The original "Jebel Ali Twinning Program" initiated in Year 2 ended with the closing of the Dubai office at USAID's request. Follow-on industrial linkage activities including both PIEFZA and other Palestinian partners will continue under CLIN 0002.

Timing

CLIN 0001 Tasks	Implementation Schedule
1.1 Procurement	None
1.2 IT/MIS Implementation	Phase II contracted: December 2002 Full installation: May 2003
1.3 Training and Capacity Building	Management training in 3 areas: July 2003 English language training: August 2003
1.4 ISO Certification	PIEFZA is ISO audit-ready: July 2003
1.6 Industrial Linkages Program	See CLIN 0002

CLIN 0002: IE/FZ/TP-Specific Targeted Technical Assistance

Activities to Date

Will & Dan

Staffing

With the approval of the pending contract amendment, two long-term advisors (Milton Nunez and Dan Louw) will be shifted to CLIN 0002. This reflects their changing responsibilities from support to a single activity (PIEFZA institutional development and the Jebel Ali linkage program, respectively) to a more diverse portfolio of assistance activities. CLIN 0002 activities will continue to be supported through targeted STTA.

Challenges

The main challenge is to deliver carefully targeted support activities to re-focus this CLIN on discrete support to a small group of private and university counterparts. Public sector partners such as municipalities and customs are not seen as major counterparts in year 3.

Work Tasks

2.1 General Development Alliance

Work on this activity will continue under an activity carried over from year 2. No new LOE will be required for this task.

2.2 Business Linkage Program

This activity follows on from the discontinued Jebel Ali Twinning Program. With the closing of the Dubai office, the emphasis now is to make available the tools developed in year 2 (data base, interactive CD-ROM, established contacts) to potential Palestinian exporters, whether they operate in the GIE or not. Long-term advisor Dan Louw will be responsible for this activity, with only some additional funding required for travel costs, workshop expenses, and materials. Close coordination with the DAI MAP project will be an integral part of this activity.

2.3 Incubator Support

One month of expatriate STTA is budgeted for continued support to the PICTI activity. This support will address start-up implementation support such as establishment of the operating entity and definition of the incubator's initial work program. No support is available at this time for the actual staffing and operation of the incubator.

2.4 Bir Zeit Knowledge Center

Two months of STTA is budgeted for continued support to the BZKC. This support will assist the existing BZKC working group in formalizing a governance structure, absorbing existing programs into the new structure, and expanding the BZKC's activities.

Timing

CLIN 0002 Tasks	Implementation Schedule
2.1 GDA	Completed by February 2003
2.2 Business Linkage Program	Completed by September 2003
2.3 Incubator Support	Completed by June 2003
2.4 Bir Zeit KC	Completed by August 2003

CLIN 0003: Analytic Support on Trade-Related Issues

Activities to Date

The PRIZIM project has completed a number of important logistics and trade-related infrastructure activities under CLIN 0003. These include the Gaza logistics study, industrial property-related engineering and feasibility assessments, and detailed engineering designs for the General Logistics Facility and the Gaza Local Industrial Estate. Based on the current security situation and USAID's infrastructure development priorities, no additional follow-on work in these areas is anticipated in year 3.

Staffing

None.

Challenges

No work is anticipated in CLIN 0003.

Work Tasks

None.

CLIN 0004: Program Support for PIPA

Activities to Date

Will & Sam

Staffing

Long-term advisor Sam Morris will be demobilized at the end of 2002. All additional support to PIPA will be provided through expatriate and Palestinian STTA and through contributions by other members of the LTTA PRIZIM team.

Challenges

PRIZIM activities with PIPA were reduced as USAID sought to disengage from direct support to PA institutions. Consequently, ongoing activities were closed out as of September 2002. Now that USAID has decided to re-engage the PA as part of its support to the PA reform process, PRIZIM will re-engage PIEFZA through targeted technical assistance in key operational areas.

Work Tasks

4.1 IT/MIS Implementation

PRIZIM has already completed the first phase of MIS installation and related training at PIPA. During the second year a second MIS roll-out phase will be completed, primarily through the use of a Palestinian IT firm. The second phase will expand the MIS's functionality and add new procedural modules. The cost of this activity is estimated at \$50,000. Technical oversight will be provided by the project's LTTA team.

4.2 Training and Capacity Building

Training activities will be re-activated in two key areas, support to the marketing department and support to the research department. Training will be closely coordinated with reform activities taking place in the newly merged Ministry of Economy, Industry and Trade. Training activities will be focused on immediate needs, with one person-month of expatriate STTA and one month of Palestinian STTA devoted to each area for the entire third year.

4.3 ISO Certification

Based on the new MIS and strengthened capacity in the areas of financial, infrastructure, and HRD management, PRIZIM will assist PIPA to document its quality assurance procedures in an ISO-conformant manner and obtain ISO certification. It is anticipated that this process will be assisted through a subcontract with U.S.-based Clydesdale International. The cost of this activity is estimated at \$40,000.

4.4 Investment Law Review

PRIZIM will provide one month of expatriate and Palestinian STTA to analyze Palestinian laws affecting the investment environment and making reform recommendations. This work will be tied into the overall Palestinian reform agenda.

4.5 Marketing Materials

\$50,000 has been programmed for the design and production of additional marketing materials.

Timing

CLIN 0004 Tasks	Implementation Schedule
4.1 MIS	Completed May 2003
4.2 Training	Completed July 2003
4.3 ISO Certification	PIPA is ISO audit-ready: July 2003
4.4 Investment Law Review	Completed May 2002
4.5 Marketing Materials	Completed July 2002

CLIN 0008: IPR Unit Support

Activities to Date

About half of the existing procurement budget has been utilized to date. In addition, a study tour to Morocco has been funded under CLIN 0008.

Staffing

None.

Work Tasks

8.1 Procurement

Additional procurement will be carried out with USAID approval on a case-by-case basis.

8.2 Training

Additional training activities will be carried out with USAID approval on a case-by-case basis.

Timing

CLIN 0008 Tasks	Implementation Schedule
8.1 Procurement	TBD
8.2 Training	TBD

Revised Year 2 Benchmarks and Milestones

The Year 3 benchmarks and milestones listed below are based on this workplan and the pending PRIZIM contract amendment.

CLIN	Benchmark	Completed	Status
0001	PIEFZA		
A.1.	Institutional Development		
	PIEFZA HRD assessment carried out		
	Training implementation plan based on assessment findings adopted		
	Off-site training events identified and attended	Yes	Events programmed and completed in Jordan, U.A.E., and U.K.
	Language training needs identified and training implemented	Ongoing	Ongoing English language training program implemented
	Infrastructure maintenance training needs assessed and training implemented	Yes	Water treatment plant training in U.S. programmed and implemented
	Software training needs identified and implemented	Yes	Software training program implemented
	IT/MIS implementation plan developed	Yes	Two-phase program developed
	PIEFZA offices networked	Ongoing	Network and hardware installed; training center installed; video conferencing system installed; Phase I MIS designed and installed; Phase II to be completed in Year 3
A.2.	Strategic Planning Implementation		
	Collaborative assessment of procedural improvements made		
	Priority procedural improvements recommended		
	Management by Objectives system recommended		
	ISO 9000 QC/QA assessment completed	Year 3	
A.3.	Procurement		
	Procurement program defined with PIEFZA and USAID	Yes	Completed
	Computer and networking equipment and software procured	Yes	Completed
	Office furniture and equipment procured	Yes	Completed
	Vehicles procured	Yes	Completed
0002	Project-Specific Technical Assistance		

CLIN	Benchmark	Completed	Status
B.1.	GIE, Port, and Airport Infrastructure Enhancements		
	Customs procedures developed as feasible	No	Not feasible under current conditions
B.2.	Other IE/FZ Technical Assistance and Construction Management		
B.2.a.	LIE identification, design, and implementation		
	Short list of potential LIE sites agreed with USAID and Palestinian partners	Yes	Gaza, Nablus, and Rafah
	Initial engineering assessments carried out to arrive at project costs and physical requirements for each short-listed site	Yes	Engineering assessments completed
	Demand assessment carried out for each short-listed site	Yes	Demand surveys and assessment completed
	Priority LIE project identified and agreed on with USAID and Palestinian partners, type and extent of USAID support recommended	Yes	Gaza LIE option selected
	Detailed physical design and IFB completed for priority LIE	Yes	Gaza LIE design and IFB completed
	Institutional and financial structure for the priority LIE agreed with USAID and Palestinian partners	Yes	MOUs governing institutional and financial structure negotiated; financial analysis and negotiation component cancelled by USAID
	Construction management support provided under selected infrastructure development projects, including the Gaza Local Industrial Estate	No	Activity cancelled by USAID
B.2.b.	IT initiative identification and business planning		
	Palestinian focus groups convened to determine possible incubator configurations in the Ramallah context; recommend a preferred configuration to USAID for support	Ongoing	Proposal defined and circulated; initial focus groups convened; second filed mission in year 3
	Market assessment for incubator products and services completed	Yes	Contained in business plan
	Business plan completed	Ongoing	Draft delivered; to be finalized in year 3
	Budgets, staffing plans, facility requirements, and support needs finalized; final support recommendations presented to USAID	Ongoing	Draft delivered; to be finalized in year 3
B.2.c.	U.A.E. Business Linkage Program		
	Database of firms completed	Yes	Completed
	Potential linkages identified	Yes	Completed and included in CD-ROM
	Business-to-business “matchmaking” initiated	Ongoing	Ongoing activity in Year 3

CLIN	Benchmark	Completed	Status
	Product-target market match identified	Yes	Completed and included in CD-ROM
B.2.d.	Target Investor Profiles		
	Regional FDI trend study completed	Yes	Completed
	Initial list of potential TIP companies generated from literature searches and databases (target: 2,000 leads)	Yes	Completed
	Leads analyzed and priority TIP companies identified (target: 250)	Yes	Completed
	TIP format developed and completed for each priority TIP company	Yes	Completed
B.2.e.	Global Development Alliance		
	Potential GDA project concepts collected and vetted with USAID	Yes	Completed
	Priority GDA project concepts presented to potential GDA partners	Ongoing	Ongoing activity in Year 3
	High-potential GDA projects and partners introduced to USAID	Ongoing	Ongoing activity in Year 3
0003	Analytic Support on Trade-Related Issues		
C.1.	Regional Development Master Plan		
	Regional development master plan completed	Yes	Completed
C.2.	GLF Design Completion		
	Detailed GLF design completed	Yes	Completed
	GLF IFB completed	Yes	Completed
C.3.	Job Preservation Activities		
	Employment impact of IDF incursions into WB/G assessed	Yes	Municipal industrial area-specific survey completed
	Specific constraints that should be addressed through donor interventions identified	Yes	Completed as part of reconstruction work (see C.5.)
	Existing investment opportunities assessed	Yes	Completed as part of reconstruction work (see C.5.)
C.4.	Import/Export Transaction Support		
	Negotiation of import/export regime for humanitarian and conventional movement of goods between Israel and WB/G assisted	No	Activity cancelled by USAID

CLIN	Benchmark	Completed	Status
	Security and customs arrangements and systems to enable and monitor trade proposed, including both transfers across “green line” and through Israel’s international gateways	No	Activity cancelled by USAID
	Program of required import/export facilities and equipment specified	No	Activity cancelled by USAID
	Fast-track clearance arrangements recommended	No	Activity cancelled by USAID
C.5.	Reconstruction		
	Rapid assessment of damage caused to the Palestinian economy by the recent IDF incursion carried out	Yes	Completed
	Findings and potential sources of support discussed with the donor community	Yes	Completed
	“Bundled” opportunities for rationalized reconstruction explored, i.e. replacing multiple damaged facilities with a new LIE	Yes	Completed
	Strategy for transfer of ownership and maintenance for LIE reconstruction projects defined	No	Activity cancelled by USAID
0004	PIPA		
	Targeted sectoral promotional materials for up to four industry sectors/clusters developed	Yes	Seven sectoral studies completed
	PIPA web site designed and launched	Yes	Completed
	Print media campaign designed and produced	Yes	Completed
	PIPA office built-out and interior design improvements installed	Yes	Completed
	Procure computer and office equipment, furniture and vehicles	Yes	Completed
	Study tours for PIPA staff arranged and carried out	Yes	Events programmed and completed in Jordan, Ireland, Caribbean, and U.S.
	On-the-job investment promotion training provided	Yes	Completed
	Explore future investment promotion opportunities	Ongoing	Ongoing activity in Year 3
	Install investment data MIS system	Ongoing	Phase I installed, Phase II to be completed in Year 3
0008	IPR Enforcement Unit		
	Procurement needs identified	Yes	Completed

CLIN	Benchmark	Completed	Status
	Procurement items delivered to the Unit	Ongoing	Half of programmed funds expended, remainder to be programmed in Year 3, based on CTO approval
	Participation in international events supported, based on CTO review of proposed activities	Ongoing	Event programmed and completed in Morocco